

ORIGINAL EX PARTE OR LATE FILED

RECEIVED

KRASKIN, LESSE & COSSON, LLP
ATTORNEYS AT LAW

MAY 14 2001

TELECOMMUNICATIONS MANAGEMENT CONSULTANTS
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

2120 L Street, N.W., Suite 520
Washington, D.C. 20037

Telephone (202) 296-8890
Telecopier (202) 296-8893

May 14, 2001

Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
Washington, DC 20554

Re: **In the Matter of MADISON TELEPHONE COMPANY and
GALLATIN RIVER COMMUNICATIONS, LLC
Joint Petition for Waiver of the Definition of
"Study Area" in the Appendix-Glossary of Part 36
CC Docket No. 96-45
DA 01-566
Ex parte Presentation to Supplement the Record**

Dear Ms. Salas:

On behalf of Madison Telephone Company ("Madison") and Gallatin River Communications, LLC ("Gallatin River"), counsel submits herewith the Final Order of the Illinois Commerce Commission ("ICC"), confirming that the responsible state commission has approved the acquisition by Madison, and sale by Gallatin, of the Staunton and Livingston exchanges in Illinois.

The parties urge the Commission's prompt grant of the captioned application, a necessary prerequisite to consummation of the proposed transaction.

Please refer any questions to this office.

Respectfully submitted,


Sylvia Lesse

cc: Attached Service List

No. of Copies rec'd ot2
List A B C D E

STATE OF ILLINOIS



ILLINOIS COMMERCE COMMISSION

April 27, 2001

APR 30 2001

Re: 01-0071

Dear Sir/Madam:

Enclosed is a copy of the Order entered by this Commission.

Sincerely,

A handwritten signature in cursive script that reads "Donna M. Caton".

Donna M. Caton
Chief Clerk

Enc.

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Gallatin River Communications, L.L.C. and Madison Telephone Company	: : : : : : : :	01-0071
Verified Joint Petition and Application filed by Gallatin River Communications, L.L.C. and Madison Telephone Company.	: : : : : : :	

ORDER

By the Commission:

I. INTRODUCTION

A. Procedural History

On January 26, 2001, Gallatin River Communications L.L.C. ("Gallatin") and Madison Telephone Company ("Madison") (collectively "Joint Petitioners") filed a Verified Joint Petition and Application ("Joint Petition") with the Illinois Commerce Commission ("Commission") pursuant to Section 7-102 of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq., seeking approval of the sale by Gallatin, and the purchase by Madison, of certain telecommunication properties and related assets used in the provision of telecommunication services in the Staunton and Livingston Exchanges and for the approval of other agreements by and between Joint Petitioners. The Joint Petitioners also requested that the Commission enter an Order:

- (1) granting Madison a Certificate of Exchange Service Authority, pursuant to Section 13-405 of the Act, for the Staunton and Livingston Exchanges to be acquired from Gallatin upon the closing of this sale and purchase of assets;
- (2) canceling Gallatin's Certificate of Exchange Service Authority for the Staunton and Livingston Exchanges to be sold to Madison upon the closing of this sale and purchase of assets;
- (3) authorizing Gallatin to discontinue its provision of telecommunication services, including non-competitive local exchange telecommunication services within the Staunton and Livingston Exchanges upon the closing of this sale and purchase of assets in accordance with Section 13-406 of the Act;

- (4) designating Madison as an Eligible Telecommunication Carrier ("ETC") under 47 U.S.C. §214(e)(2) of the Telecommunications Act of 1996 for the Staunton and Livingston Exchanges and canceling the eligible carrier designation of Gallatin for the Staunton and Livingston Exchanges upon the closing of this sale and purchase of assets;
- (5) issuing a letter or order of non-opposition to the Federal Communications Commission ("FCC") regarding Joint Petitioners' request for a study area waiver pursuant to 47 CFR §46;¹ and
- (6) granting all other necessary and appropriate relief.

Pursuant to notice required by law and the rules and regulations of the Commission, a status hearing was held by a duly authorized Hearing Examiner of the Commission at its offices in Springfield, Illinois on February 15, 2001. On March 14, 2001, Joint Petitioners filed a Motion for Entry of Interim Order indicating that the Commission has no objection to the granting by the FCC of the Joint Petition for Waiver of the definition of Study Area filed by the Joint Petitioners with the FCC. On March 27, 2001, the Commission entered an Interim Order granting the Motion for Entry of Interim Order filed by Joint Petitioners and finding that the Commission has no objection to the FCC granting the Study Area Waiver sought by the Joint Petitioners in the Joint Petition for Waiver filed with the FCC.

Thereafter, an evidentiary hearing was held on April 6, 2001. Commission Staff ("Staff") and counsel for Joint Petitioners entered appearances. Michael T. Skrivan, Vice President-Revenues of Gallatin, Robert W. Schwartz, President of Madison, and Michael Guffy, Director of Financial and Regulatory Affairs for Madison, presented testimony on behalf of Joint Petitioners. Cindy Jackson, of the Commission's Consumer Services Division, and Judith R. Marshall, an Economic Analyst in the Commission's Telecommunications Division, presented testimony on behalf of Staff. Following the presentation of testimony, Staff stated they had reviewed the record and they had no objection to the Joint Petition as filed. Staff further represented that they recommended to the Commission that the relief requested by Joint Petitioners be granted. At the conclusion of the hearing on April 6, 2001, the record was marked "Heard and Taken." The parties did not deem briefs necessary. On April 11, 2001, Joint Petitioners filed a Proposed Order. Staff did not object to the Proposed Order.

B. Joint Petitioners

1. Gallatin

Gallatin is a Delaware limited liability company owned entirely by Gallatin River Holdings, L.L.C., which is, in turn, owned by Madison River Telephone Company, L.L.C.

¹ This request was satisfied by the Commission's entry of an Interim Order on March 27, 2001 indicating that the Commission had no objection to the FCC granting the Study Area Waiver sought by the Joint Petitioners in the Joint Petition for Waiver filed with the FCC.

Gallatin provides telecommunication services, including local exchange telecommunication services, as an incumbent local exchange carrier in 24 exchanges, serving approximately 85,965 access lines pursuant to Certificates of Service Authority granted by the Commission in Docket No. 98-0321. Except for the Staunton and Livingston Exchanges located in south central Illinois, the local exchange operations of Gallatin are in north central and northern Illinois. Gallatin presently serves approximately 3,380 access lines in the Staunton Exchange and 870 access lines in the Livingston Exchange.

2. Madison

Madison is an Illinois corporation and has been providing telecommunication services, including local exchange telecommunication service, as an incumbent local exchange carrier subject to the Commission's jurisdiction and regulation continuously since 1957. Madison presently provides service to approximately 1,600 access lines in its Worden, Hamel, and Prairietown Exchanges. In Docket No. 97-0407, the Commission designated Madison as an ETC for the three exchanges.

C. Description of the Proposed Transaction and Requested Section 7-102 Approvals

Joint Petitioners entered into a Restated Asset Sale Agreement pursuant to which Gallatin will sell and Madison will purchase all of the assets necessary to operate the Staunton and Livingston Exchanges, including relevant authorizations and licenses currently held by Gallatin. Until the transaction is complete, Gallatin will continue to operate the Staunton and Livingston Exchanges as it does today. The transaction will not be finalized until all necessary governmental and regulatory approvals have been received, including those to be obtained from this Commission and the FCC.

Gallatin and Madison are entering into a separate Services Agreement for which approval is also sought pursuant to Section 7-102 of the Act. Gallatin and Madison have entered into the Services Agreement to facilitate the transaction and to further ensure the continuity of high quality service to the customers within the Staunton and Livingston Exchanges.

II. RESOLUTION OF ISSUES

In the course of this proceeding, Joint Petitioners and Staff resolved all issues raised. These issues are discussed below.

A. Approvals Pursuant to Section 7-102

The relevant portions of Section 7-102 of the Act require Commission approval (unless such approval is waived) for the purchase and/or sale of assets by one public utility to another public utility, including the sale and/or acquisition of franchises, licenses, and permits. Section 7-102 also requires Commission approval (unless such

approval is waived) for two or more public utilities to enter into contracts with each other that will enable such public utilities to operate their lines or plants in connection with each other. Section 7-102 requires the filing of a petition, joint or otherwise, with the Commission signed by the appropriate representative(s) of the company or companies setting forth the objective and purpose of the petition and the full and complete terms of the transaction. Section 7-102 allows the Commission to approve the transaction if the Commission "is satisfied that the Petition should reasonably be granted and that the public will be inconvenienced thereby"

The Joint Petitioners offered testimony that the proposed transaction was in the public interest. Mr. Schwartz testified that Madison presently provides service in its existing three exchanges - Worden, Hamel and Prairietown. He indicated that the company has a long history and track record of providing high-quality service to the communities and rural areas within Madison's present service territory. He testified that the Staunton and Livingston Exchanges lie immediately to the east of and are contiguous to Madison's exchanges. He described the management and employees of Madison as being very familiar with the Staunton and Livingston communities, and that the acquisition of the Staunton and Livingston Exchanges would allow Madison to not only leverage and take advantage of its local knowledge and presence, but could also benefit Madison and its customers by helping the company achieve certain economies of scale. Mr. Schwartz testified that Madison's management and employees are familiar with and knowledgeable with regard to the applicable laws in Illinois and the regulatory orders and requirements of the Commission.

Mr. Schwartz testified that the customers of the Staunton and Livingston Exchanges would receive the same local exchange telecommunication services at the same rates they are presently paying to Gallatin upon the closing of the transaction. He testified that Madison sought Commission authority to file tariffs for local exchange service for the Staunton and Livingston Exchanges that replicate the tariffs of Gallatin that are presently applicable to the Staunton and Livingston Exchanges. He indicated the adoption of Gallatin's rates and rate structure currently applicable to the Staunton and Livingston Exchanges by Madison would provide a smooth transition for customers.

Mr. Schwartz testified that Madison had plans that would enhance the services available to customers in the Staunton and Livingston Exchanges and the quality of service. He indicated it was Madison's intention to put into place a fiber facility between Madison's existing Worden Exchange and the Staunton Exchange. He stated that, among other benefits, the facility will allow for the provision of services such as Advance Class Services and Voice Mail Service, which are not presently available in the Staunton and Livingston Exchanges. He also testified that Madison intended to connect the Livingston Exchange which is presently served by a remote central office off of the Staunton Exchange to a SONET Ring which Madison is currently involved in constructing. Connecting the Livingston Exchange to the SONET Ring would provide diverse routing so that, for example, a cable cut between the Staunton and Livingston Exchanges would not isolate and put out of service the Livingston Exchange.

Mr. Schwartz testified that Gallatin presently has a business office in Staunton, but their customer service and customer care personnel are primarily based out of their central Illinois offices. He indicated that Madison would not only be maintaining the existing business office in Staunton, but would be centralizing and expanding Madison's customer service operations in that office.

Mr. Schwartz further testified that the customers in the Staunton and Livingston Exchanges would see a substantial increase in the local presence of Madison in their serving territory. He testified it was Madison's philosophy and intent to not only meet regulatory requirements in regard to service quality, but to exceed those requirements and to meet and exceed the expectations of customers. He indicated that it was Madison's internal practice that the affected employees of Madison do not go home until all outstanding "trouble tickets" have been cleared. He testified that residential service order requests are accorded the same priority and treatment as business service order requests.

Mr. Guffy testified that including the Staunton and Livingston Exchanges within Madison's service area, pursuant to the Study Area Waiver they have requested from the FCC, will allow Madison to realize efficiencies contemplated in the transaction. Mr. Guffy testified that, at the time of closing of the transaction, Madison is requesting that it be authorized to file access tariffs that are identical to and replicate the access tariffs of Gallatin applicable to the Staunton and Livingston Exchanges. He indicated those tariffs would remain in effect until new access tariffs are filed with the FCC and then mirrored in Illinois consistent with the provisions and requirements of the access charge orders entered in Docket No. 83-0142 and subsequent orders.

Mr. Skrivan testified that the Staunton and Livingston Exchanges are the only two exchanges of Gallatin located in the southern portion of Illinois and are remote from Gallatin's principal operations and the remainder of its exchanges, which are in central and north central Illinois. He indicated because of their remote location it has been difficult for Gallatin to obtain the management and operational efficiencies it desires. Mr. Skrivan testified that Gallatin had entered into discussions with Madison regarding the proposed transaction because of Madison's reputation for providing high-quality service and Madison's knowledge and familiarity with the Staunton and Livingston communities and the telecommunication needs of the customers residing there. He indicated that Gallatin is committed to continue to provide high-quality telecommunication services in all of its remaining exchanges.

In regard to the Services Agreement, Mr. Guffy testified it was both companies' desire, and that it was particularly important to Madison, that the transition of ownership of the Staunton and Livingston Exchanges from Gallatin to Madison occur without difficulty and, in particular, there not be any service problems or customer service problems stemming from the transaction. Under the Services Agreement, Madison may obtain from Gallatin customer care services and billing services for an initial three-month transitional period and may, on an a la carte basis, continue specific services and obtain additional services for additional periods of time if needed.

Mr. Skrivan testified that Gallatin, as well as Madison, wanted to make certain that the asset purchase transaction go smoothly from service quality, customer care, and billing perspectives, and the be transaction, for all practical purposes, transparent to the customers in the Staunton and Livingston Exchanges. He added Gallatin is willing to make the services requested by Madison available pursuant to the Services Agreement and to work with Madison to make certain that the transition go smoothly.

In regard to the Section 7-102 approval sought by the Joint Petitioners, Staff witness Marshall testified that she knew of no reason why the Commission should not grant the Joint Petitioners' requested approvals. Staff witness Jackson examined the impact on consumers of the proposed asset sale and purchase involving the Staunton and Livingston Exchanges. She testified that the Joint Petitioners had provided to Staff a copy of the initial press release concerning the transaction and have committed to provide additional information to customers in the Staunton and Livingston Exchanges and to provide Staff with copies of future additional customer information. She testified that the Consumer Services Division had received no complaints in regard to the proposed transaction.

Ms. Jackson also testified concerning the steps being taken by the Joint Petitioners to ensure a smooth transition of the customer service operations and billing functions from Gallatin to Madison. She indicated that while Madison and Gallatin had the same bill dates and same due dates, Staff believes that, if in the future, Madison decided to change either the billing date or due date for customers in the Staunton and Livingston Exchanges, Madison should give 60 days' notice of such a change.

Ms. Jackson further testified that the Staunton and Livingston local exchange customers will not have rate changes nor lose services in connection with the transaction. She agreed that with the completion of Madison's fiber facilities, additional services, such as Advanced Class Services and Voice Mail Service, would become available to customers in Staunton and Livingston. Ms. Jackson testified that if, in the future, Madison determines that it is prudent to blend the existing flat-rate structure of Madison with the existing measured service rate structure of Gallatin, Staff believes Madison should commit to giving notice to customers and educating customers concerning such a proposal.

Ms. Jackson testified that information provided by Madison and Gallatin for the year 2000 demonstrated that both companies were in compliance with the Part 730 service quality standards. She testified that information provided by both companies demonstrated that the companies have made and are making a concerted effort to make the transaction transparent to customers. She indicated that Madison is maintaining and expanding customer service operations in Gallatin's business office in Staunton at a time when other companies are closing local business offices. Ms. Jackson testified that maintaining the Staunton office demonstrated to both the Commission and Madison's customers Madison's dedication to providing quality service.

Mr. Schwartz, in his rebuttal testimony, indicated that Madison would provide 60 days' advanced notice to customers if, in the future, Madison were to change billing dates or due dates. He also testified that Madison would give notice and educate customers if, in the future, it were to propose blending Madison's existing flat-rate structure for local exchange service with Gallatin's measured service structure. Ms. Jackson testified at the evidentiary hearing that Madison's proposals addressed and satisfied her concerns.

B. Certificates of Service Authority and Discontinuance of Service by Gallatin

Joint Petitioners request that the Commission grant to Madison a Certificate of Exchange Service Authority under Section 13-405 of the Act for the Staunton and Livingston Exchanges to be acquired from Gallatin. The Certificate of Exchange Service Authority for the Staunton and Livingston Exchanges would be in addition to Madison's existing certificate authority to provide local exchange service in the Worden, Hamel and Prairietown Exchanges presently served by Madison. Joint Petitioners also request that Gallatin's existing Section 13-405 Certificate of Exchange Service Authority be modified, effective upon closing, to remove the Staunton and Livingston Exchanges from its local exchange service area. Joint Petitioners seek approval for Gallatin to discontinue provision of telecommunication services, including local exchange service, within the Staunton and Livingston Exchanges upon the closing of the transaction, pursuant to the requirements of Section 13-406 of the Act. Joint Petitioners presented evidence that Madison possessed sufficient technical, financial, and managerial resources and abilities to meet the statutory standard for the requested certification and presented evidence that Gallatin should be allowed to discontinue the provision of telecommunication services, including local exchange telecommunication service, in the Staunton and Livingston Exchanges upon the closing of the proposed transaction.

Mr. Schwartz testified that Madison has been providing telecommunication services, including local exchange telecommunication services, as an incumbent local exchange carrier, subject to this Commission's jurisdiction and regulation, continually since 1957. He observed that the Commission had previously determined that Madison has the requisite technical, financial, and managerial ability to provide telecommunication services, including local exchange telecommunication services. Mr. Schwartz testified that Madison has been adding to its managerial and operational skills through the addition and training of new employees. Madison's financial statements for the year ended December 31, 2000 were introduced into evidence.

Mr. Skrivan testified that in Docket No. 98-0321, Gallatin was granted the following Certificate of Exchange Service Authority:

IT IS HEREBY CERTIFIED that Gallatin River Communications L.L.C., a Delaware limited liability company, is authorized pursuant to Section 13-405 of the Public Utilities Act to provide facilities based

exchange services in the following exchange service areas served by Central Telephone Company of Illinois as of the date hereof: Avon, Cameron, Dixon, Forest City, Galesburg, Grand Detour, Green Valley, Harmon, Havana, Knoxville, Lacon, Livingston, Manito, Mount Carroll, Nelson, North Pekin, Pekin, Savanna, South Pekin, Staunton, Talbott, Thompson, Topeka and Wasaga.

Mr. Skrivan observed, in connection with granting Madison a Certificate of Exchange Service Authority to include the Staunton and Livingston Exchanges, it would be appropriate to amend Gallatin's Certificate of Exchange Service Authority to delete the Staunton and Livingston Exchanges and for that amendment to be effective upon closing.

Mr. Skrivan testified that upon receipt of all necessary regulatory approvals and the closing of the transaction, Gallatin will no longer be providing telecommunication services, including non-competitive telecommunication services, in the Staunton and Livingston Exchanges. He indicated that Madison would, effective upon closing, continue to provide the same services that are presently available to customers residing within the Staunton and Livingston Exchanges; and, as a result, Gallatin's discontinuance of the provision of those services will not deprive customers of any necessary or essential telecommunication services or access thereto and that Gallatin's discontinuance of service is not otherwise contrary to the public interest.

Staff witness Marshall testified that Madison possesses sufficient financial, managerial, and technical resources and the ability to provide local exchange service in the Staunton and Livingston Exchanges. She indicated that Madison's financial statement demonstrates its financial resources. She stated that Madison's history of providing local exchange service since 1957, together with the transitional services being received from Gallatin, indicate that Madison has sufficient managerial and technical resources and abilities to provide these services in the Staunton and Livingston Exchanges. Ms. Marshall testified she knew of no reason why Madison should not be granted a Certificate of Exchange Service Authority for the Staunton and Livingston Exchanges.

Ms. Marshall further testified it would be appropriate to amend Gallatin's Certificate of Exchange Service Authority as requested, and that it would be appropriate for Gallatin to be allowed to discontinue service upon closing, once notice has been provided to customers in the Staunton and Livingston Exchanges. Staff witness Jackson testified that Gallatin had not, in its direct testimony, committed to providing 30 days' notice to the customers in the Staunton and Livingston Exchanges prior to the discontinuance of service as required in Section 13-406.

Mr. Skrivan, in his rebuttal testimony, introduced as Joint Applicants' Exhibit 5 the letter which Gallatin had sent to all local exchange customers in the Staunton and Livingston Exchanges notifying them of Gallatin's discontinuance of service upon the

closing of the transaction. At the evidentiary hearing, Ms. Jackson testified that Mr. Skrivan's rebuttal testimony and Joint Applicants' Exhibit 5 satisfied her concerns.

C. ETC Designation

Joint Petitioners request that the Commission designate Madison as an ETC pursuant to Section 214(e) of the Telecommunications Act of 1996 for the Staunton and Livingston Exchanges so that those two exchanges are incorporated within Madison's service area, along with the Worden, Hamel, and Prairietown Exchanges. Such designation would be effective upon closing. Gallatin is presently designated an ETC for the Staunton and Livingston Exchanges as well as all of the other exchanges presently within its service area. Joint Petitioners request that Gallatin's ETC designation be amended so as to delete the Staunton and Livingston Exchanges from Gallatin's ETC service area. Joint Petitioners presented testimony in support of these requests.

Mr. Schwartz testified that Madison was presently designated as an ETC for its present service area consisting of its Worden, Hamel, and Prairietown Exchanges pursuant to this Commission's Order in Docket No. 97-0407. He indicated that Gallatin, consistent with its designation as an ETC for its entire service territory, including the Staunton and Livingston Exchanges, is today and Madison will, after the closing, be providing the following services as required and defined by the FCC:

1. Voice grade access to the public switched network;
2. Local usage;
3. Dual tone multi-frequency (touch tone) or its functional equivalent;
4. Single-party service or its functional equivalent;
5. Access to emergency services;
6. Access to operator services;
7. Access to interexchange services;
8. Access to directory assistance; and
9. Toll limitation for qualifying low-income consumers.

Mr. Schwartz testified that there would be no change in the provision of those services as a result of the transaction. He indicated that the FCC now defines toll limitation for qualifying low-income customers as the provision of either toll blocking or toll control. He indicated that Gallatin has provided toll blocking; and that Madison will continue to provide toll blocking as required, after the closing of the transaction. Mr. Schwartz testified that the FCC has not, as yet, defined or specified the amount of local usage. He indicated Madison will continue to provide local usage as Gallatin has in the past.

Mr. Schwartz also testified that Madison agrees not to disconnect Life Line Service for non-payment of toll charges in the Staunton and Livingston Exchanges as is required. He also indicated that Madison agrees to not require a service deposit in

order to initiate Life Line Service if the low-income customer voluntarily elects toll blocking.

Mr. Skrivan testified that in the Commission's Order in Docket No. 98-0321, Gallatin was designated an ETC for its service areas consisting of all 24 exchanges that it was acquiring. He indicated that upon the closing of the transaction Gallatin will no longer be providing the required list of services that allows one to be deemed an ETC in the Staunton and Livingston Exchanges. He indicated that it would be appropriate to delete the Staunton and Livingston Exchanges from Gallatin's service area for which it is designated an ETC.

Ms. Marshall testified she knew of no reason why Madison's request to be designated an ETC for the Staunton and Livingston Exchanges should not be granted. She indicated that Madison had provided the information required for ETC designation through the testimony of Mr. Schwartz.

Ms. Jackson reviewed Madison's plans to ensure they met the FCC and the Commission's requirements regarding (1) advertising the availability of services and the charges using media of general distribution; (2) offering Life Line and Link Up support to qualifying low-income consumers; (3) prohibiting the disconnection of low-income consumers for non-payment of toll charges; and (4) prohibiting the collection of a deposit from low-income customers who subscribe to toll limitation services. Ms. Jackson concluded that, consistent with the requirements of FCC Rule 54.201(2), Madison had agreed to fulfill the advertising guidelines of an ETC. She further testified that Madison had agreed to comply with Section 54.401(b) of the FCC's rules and had committed to not disconnect Life Line Service for non-payment of toll charges. She also indicated Madison had offered evidence that it would comply with Section 54.401(c) of the FCC's rules, through Mr. Schwartz' testimony, that Madison would not require a service deposit in order for a low-income customer to initiate Life Line Service, if the customer voluntarily elects toll blocking where available. Ms. Jackson observed that Madison, in its direct testimony, had not indicated a commitment to offering Life Line and Link Up support to qualifying low-income consumers pursuant to Section 54.400-54.409 and Sections 54.411-417 of the FCC's rules. She requested that Madison address this issue in its rebuttal testimony.

Mr. Schwartz, in his rebuttal testimony, indicated Madison's failure to commit to offer Life Line and Link Up support to qualifying low-income consumers in accordance with the FCC, as requested by Ms. Jackson, in his direct testimony was an oversight, and that Madison was willing to make the commitment requested. At the evidentiary hearing, Ms. Jackson testified that Madison's additional commitment contained in Mr. Schwartz' rebuttal testimony satisfied all of her concerns regarding Madison's request for ETC designation for the Staunton and Livingston Exchanges.

III. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) Gallatin and Madison each provide telecommunication services in Illinois and, as such, are telecommunication carriers within the meaning of Section 13-202 of the Act;
- (2) the Commission has jurisdiction over the parties and the subject matter hereof;
- (3) the findings of fact and conclusions of law set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and conclusions of law;
- (4) the proposed sale by Gallatin and the purchase by Madison of telecommunication properties and related assets used in the provision of telecommunication services in the Staunton and Livingston Exchanges, and the transactions contemplated to effectuate that transaction, are reasonable, will convenience the public, and should be approved pursuant to Section 7-102;
- (5) the proposed Services Agreement by and between Gallatin and Madison, pursuant to which Gallatin will provide certain services to Madison so as to facilitate the asset sale transaction, is reasonable, will convenience the public, and should be approved pursuant to Section 7-102;
- (6) upon completion of the proposed asset sale and the transactions related thereto, Madison will possess sufficient technical, financial, and managerial resources and abilities to provide local exchange telecommunication service in the Staunton and Livingston Exchanges and the Commission should grant to Madison an expanded Certificate of Exchange Service Authority to include the Staunton and Livingston Exchanges pursuant to Section 13-405;
- (7) upon completion of the proposed asset purchase and the transactions related thereto, Gallatin will no longer own the telecommunication properties and assets necessary to provide local exchange telecommunication service in the Staunton and Livingston Exchanges, and the Commission should grant an amendment to Gallatin's Certificate of Exchange Service Authority to delete the Staunton and Livingston Exchanges from its service area effective upon closing;
- (8) Madison should be authorized to file local exchange tariffs and access charge tariffs for the Staunton and Livingston Exchanges which replicate

the existing local exchange tariffs and access charge tariffs of Gallatin applicable to the Staunton and Livingston Exchanges in accordance with the prefatory portion of this Order with said tariffs to be effective upon proper filing;

- (9) upon completion of the proposed asset sale and the transactions related thereto, discontinuance of the provision of telecommunication services, including non-competitive telecommunication services, by Gallatin in the Staunton and Livingston Exchanges will not deprive customers of any necessary or essential telecommunication services or access thereto, is not contrary to the public interest, and should be permitted under Section 13-406;
- (10) effective upon the closing of the asset sale, Madison should be designated as an ETC for the Staunton and Livingston Exchanges in addition to those exchanges in which it is already designated as an ETC;
- (11) the designation of Madison, upon the closing of the asset sale transaction, as an ETC is consistent with the Act and the FCC's applicable rules and is in the public interest;
- (12) effective upon the closing of the asset sale transaction, Madison should comply with the various requirements associated with being a designated ETC as set forth in the FCC's rules and the additional commitments relating to its status as an ETC as described in the prefatory portion of this Order;
- (13) upon completion of the proposed asset sale transaction, Gallatin's designation as an ETC should be amended so as to delete the Staunton and Livingston Exchanges from the service area for which Gallatin has been designated an ETC;
- (14) any other relief necessary or appropriate to consummate the transactions and carry out the purposes referred to in Findings (4) through (13) should be approved; and
- (15) the consent, authority, and approval of the Commission should be granted to Gallatin and Madison to do any and all other things not contrary to the law or to the rules and regulations of the Commission that are incidental, reasonably necessary, or appropriate to the performance of any and all acts authorized by the Commission in this Order.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the proposed sale by Gallatin River Communications L.L.C. and acquisition by Madison River Telephone Company of certain assets related to the provision of

telecommunication services, including local exchange telecommunication service, in the Staunton and Livingston Exchanges is hereby approved.

IT IS FURTHER ORDERED that all transactions necessary or appropriate, contemplated by Gallatin River Communications L.L.C. and Madison Telephone Company to effectuate consummation of the proposed asset sale are hereby approved.

IT IS FURTHER ORDERED that the Services Agreement by and between Gallatin River Communications L.L.C. and Madison Telephone Company is hereby approved.

IT IS FURTHER ORDERED that Madison Telephone Company is hereby granted a Certificate of Exchange Service Authority pursuant to Section 13-405 of the Public Utilities Act for the Staunton and Livingston Exchanges effective on the closing of the proposed asset sale transaction and that Madison Telephone Company's Certificate of Exchange Service Authority is hereby amended, effective on the closing of the proposed asset sale transaction, as follows:

CERTIFICATE OF EXCHANGE SERVICE AUTHORITY

IT IS HEREBY CERTIFIED that Madison Telephone Company, an Illinois corporation, is authorized, pursuant to Section 13-405 of the Public Utilities Act to provide facilities-based exchange telecommunication services in the Worden, Hamel, Prairietown, Staunton, and Livingston Exchange service areas.

IT IS FURTHER ORDERED that Gallatin River Communications L.L.C.'s Certificate of Exchange Service Authority under Section 13-405 of the Public Utilities Act is, effective upon the closing of the proposed asset sale, amended to delete the Staunton and Livingston Exchanges and that its Certificate of Exchange Service Authority shall then be as follows:

CERTIFICATE OF EXCHANGE SERVICE AUTHORITY

IT IS HEREBY CERTIFIED that Gallatin River Communications, L.L.C. , a Delaware limited liability company, is authorized, pursuant to Section 13-405 of the Public Utilities Act to provide facilities-based exchange services in the following exchange service areas served by Central Telephone Company of Illinois, as of October 21, 1998: Avon, Cameron, Dixon, Forest City, Galesburg, Grand Detour, Green Valley, Harmon, Havana, Knoxville, Lacon, Manito, Mount Carroll, Nelson, North Pekin, Pekin, Savanna, South Pekin, Talbott, Thompson, Topeka, and Wasaga.

IT IS FURTHER ORDERED that Madison Telephone Company is hereby authorized to file local exchange tariffs and access charge tariffs for the Staunton and

Livingston Exchanges which replicate the existing local exchange tariffs and access charge tariffs of Gallatin River Communications L.L.C. for the Staunton and Livingston Exchanges to be effective upon proper filing.

IT IS FURTHER ORDERED that Gallatin River Communications L.L.C. is hereby authorized to discontinue the provision of telecommunication services, including non-competitive telecommunication service, in the Staunton and Livingston Exchanges transferred to Madison Telephone Company, upon the consummation of the proposed asset sale transaction.

IT IS FURTHER ORDERED that upon the closing of the asset sale transaction, Madison Telephone Company is designated an Eligible Telecommunications Carrier under 47 U.S.C. §214(e) for its expanded service area consisting of the Worden, Hamel, and Prairietown Exchange service areas, which it presently serves, and the Staunton and Livingston Exchange service areas presently served by Gallatin River Communications L.L.C.

IT IS FURTHER ORDERED that the Staunton and Livingston Exchanges should be removed from the service area of Gallatin River Communications L.L.C. for which it has been designated an Eligible Telecommunications Carrier.

IT IS FURTHER ORDERED that Madison Telephone Company should comply with the requirements of Finding (12) above.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Illinois Administrative Code 200.880, this Order is final, it is not subject to the administrative review law.

By order of the Commission this 25th day of April, 2001.


(SIGNED) RICHARD L. MATHIAS

Chairman

(SEAL)

CERTIFICATE OF SERVICE

I, Nancy Wilbourn, of Kraskin, Lesse & Cosson, LLP, 2120 L Street, NW, Suite 520, Washington, DC 20037, hereby certify that a copy of the foregoing "Ex Parte Presentation to Supplement the Record" was served on this 14th day of May, 2001 by first class, U.S. mail, postage prepaid or by hand delivery to the following parties:



Nancy Wilbourn

Kenneth P. Moran, Chief *
Accounting Safeguards Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW, Room 6-C463
Washington, DC 20554

Tim Peterson, Deputy Chief *
Accounting Safeguards Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW, Room 6-C466
Washington, DC 20554

Katherine Schroder, Chief *
Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW, Room 5-A426
Washington, DC 20554

Ms. Adrian Wright *
Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Mr. Perlesta Hollingsworth *
Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Ms. Sheryl Todd * (3 copies)
Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Chief Clerk's Office
Illinois Commerce Commission
527 Capitol Avenue
Springfield, Illinois 62701

Daniel Mitchell
National Telephone Cooperative Association
4121 Wilson Blvd., Tenth Floor
Arlington, VA 22203-1801

International Transcription Service *
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

* Via Hand Delivery